

## Message Text

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: ETRD, UR, IR

SUBJ: SOVIET-IRANIAN ECONOMIC COOPERATION

1. JULY 28 ARTICLE BY NEW IZVESTIYA CORRESPONDENT IN IRAN, A. AKHMEDZYANOV, REVIEWING CURRENT IRANIAN ECONOMIC SITUATION, INCLUDED PORTIONS OF AN INTERVIEW WITH PRIME MINISTER HOVEYDA, WHO HAS JUST RETURNED FROM A VISIT TO THE USSR. (JULY 13-15) ACCORDING TO THE ARTICLE, HOVEYDA "HIGHLY" EVALUATED IRANIAN-USSR ECONOMIC COOPERATION AS BEING "RELIABLE" AND "MUTUALLY ADVANTAGEOUS," AND HE MENTIONED THE FOLLOWING ECONOMIC PROJECTS FOR FUTURE COOPERATION: EXPANSION OF THE ISFAHAN PLANT; CONSTRUCTION OF A SECOND LINE "NITKA" OF THE NATURAL GAS PIPELINE; ESTABLISHMENT OF THE "KHODAAFERIN" HYDROELECTRIC COMPLEX ON THE ARAKS RIVER; AND CONSTRUCTION OF A LARGE THERMAL POWER STATION IN AHVAZ. WORK HAS "ALREADY" BEGUN ON ELECTRIFICATION OF THE RAILROAD FROM DZHU'FA TO TABRIZ.

2. ARTICLE ALSO NOTED THAT BILATERAL TRADE RELATIONS ARE DEVELOPING WELL. FIVE-YEAR AGREEMENT ENDING LAST MARCH, WHICH ENVISAGED TRADE TURNOVER OF ONE BILLION RUBLES, WAS "OVERFULFILLED." THE AUTHOR ALSO ASSERTS THAT THE USSR IS ONE

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OF "LARGEST" PURCHASERS OF IRANIAN GOODS, AND THAT USSR-

IRAN TRADE IS DEVELOPING ON A "BALANCED BASIS" IN  
CONTRAST TO WESTERN EXPORTS TO IRAN WHICH ARE "22 TIMES"  
LARGER THAN IMPORTS, NOT INCLUDING OIL.

3. COMMENT: ARTICLE IS OF NOTE FOR THE LIST OF PROSPEC-  
TIVE SOVIET ECONOMIC AID PROJECTS IN IRAN AND FOR ITS  
IMPLICATION THAT ADDITIONAL COOPERATION WITH THE USSR  
COULD HELP IRAN IN MANAGEMENT OF ITS ECONOMIC DEVELOPMENT.  
INFERENCE THAT USSR BUYS MORE IRANIAN "GOODS," EXCLUDING  
OIL, THAN WEST, IS SOMEWHAT AMUSING IN THAT MORE THAN  
HALF THE VALUE OF SOVIET IMPORTS FROM IRAN IN 1974 AND  
75 CONSISTED OF ANOTHER FUEL, NATURAL GAS, AND IN BOTH  
YEARS ACCORDING TO SOVIET FIGURES THE USSR RAN CONSIDERABLE POSI-  
TIVE TRADE BALANCES, APPROXIMATELY \$48 MILLION AND \$70 MILLION  
RESPECTIVELY.

4. EMBOFF HAS BEEN TOLD BY BOTH IRANIAN EMBASSY DIPLOMAT  
AND MFA IRANIAN DESK OFFICER FNU KOZYAEV THAT  
HOVEYDA VISIT TO THE USSR WAS ROUTINE AND CONCERNED WITH  
THE ONGOING ECONOMIC RELATIONSHIP, ALTHOUGH POLITICAL  
SITUATION IN MIDDLE EAST WAS ALSO DISCUSSED. KOZYAEV  
CONFIRMED THE ACCURACY OF IZVESTIYA REPORTING ON ECONOMIC  
PROJECTS AND ADDED THAT PLAN WAS TO INCREASE PRESENT  
ANNUAL PRODUCTION OF STEEL AT ISFAHAN TO 1.5-2 MILLION  
TONS, WITH THE SHAH PUSHING LATTER FIGURE. KOZYAEV ALSO  
MENTIONED IMPORTANCE OF CONSTRUCTING GRAIN SILOS (IN  
RUSSIAN, "ELEVATOR") AT VARIOUS SITES IN IRAN. KOZYNEV  
SAID HOVEYDA VISIT WAS A IRANIAN INITIATIVE, AND THAT  
WHILE BURDEN WAS "PROBABLY" ON SOVIET SIDE TO PAY SOME  
SORT OF HIGH LEVEL RETURN VISIT, NO PLAN HAD BEEN MADE  
ALONG THESE LINES.

5. WHEN ASKED ABOUT RENEWAL OF EXPIRED TRADE AGREEMENT,  
KOZYAEV SAID THIS WOULD BE WORKED OUT AT REGULAR  
JOINT ECONOMIC MEETING IN FALL, "PERHAPS IN OCTOBER."

6. KOZYAEV, WHO UNTIL RECENTLY WAS CULTURAL ATTACHE  
IN TEHRAN, SAID IN ADDITION TO SOME 10 OR SO IRANIAN  
ENGINEERS ENGAGED IN A FORM OF EXTENDED ON JOB TRAINING  
IN SOVIET UNION THERE WAS A MODEST EXCHANGE OF 2-3 ADVANCED  
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LANGUAGE STUDENTS STUDYING IN EACH OF THE TWO COUNTRIES.  
MATLOCK

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## Message Attributes

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